Saskatchewan
Learning

Saskatchewan
Teachers' Superannuation
Commission

2004 – 2005
ANNUAL REPORT

Superannuation

Group Life

Dental

106-02000/

2004 – 2005 Annual Report

The Saskatchewan Teachers' Superannuation Commission
Room 226, 3085 Albert Street
Regina, Saskatchewan S4S 0B1

submits the:

Seventy-fifth Annual Report with respect to
The Teachers' Superannuation and Disability Benefits Act for the Year Ended June 30, 2005

Forty-fifth Annual Report with respect to
The Teachers' Life Insurance (Government Contributory) Act Chapter T-8, R.S.S. 1978
for the Year Ended August 31, 2005 and

Twentieth Annual Report with respect to
The Teachers' Dental Plan Act
for the Year Ended December 31, 2004

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Letter of Transmittal

The Honourable Andrew Thomson
Minister in Charge,
Teachers' Superannuation Commission
Regina, Saskatchewan

Sir:

The Teachers' Superannuation Commission has the honour to submit the annual report outlining activities under *The Teachers' Superannuation and Disability Benefits Act* for the year ending June 30, 2005; *The Teachers' Life Insurance (Government Contributory) Act* for the period ending August 31, 2005 and *The Teachers' Dental Plan Act* for the period ending December 31, 2004.

Respectfully submitted,

P. J. Dickson (Mrs.)
Chairperson

Profile

The Teachers' Superannuation Commission (TSC) is established under *The Teachers' Superannuation and Disability Benefits Act*.

The Minister of Finance is the trustee of the Teachers ' Superannuation Fund (TSF) while the TSC is charged with administration of *The Teachers' Superannuation and Disability Benefits Act*, *The Teachers' Dental Plan Act*, and *The Teachers' Life Insurance (Government Contributory) Act*.

The Province of Saskatchewan sponsors the TSF, with contributions also coming from plan members who are represented by the Saskatchewan Teachers' Federation (STF). *The Teachers' Superannuation and Disability Benefits Act* is a negotiable matter under *The Education Act, 1995*.

The Teacher's Superannuation Plan was closed in July 1980, and a new plan was created, now known as the Saskatchewan Teachers Retirement Plan, for which administration has been transferred to the STF.

As at June 30, 2005, the TSF has actuarial net assets available for benefits of $1.571 billion, actuarial accrued pension benefits of $4.745 billion, and an unfunded liability of $3.174 billion.

More on-line at www.stsc.gov.sk.ca

Plan Governance At A Glance

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Teachers' Superannuation Commission

Mission

We consider our mission to deliver teacher benefits to the highest professional standard, combining accurate and up-to-date information with personalized client service.

Mandate

To attain this outcome, our organizational mandate is to administer the various Acts to ensure the provision of retirement and related benefits to teachers. The various Acts (and regulations thereto) are the:

- *The Teachers' Superannuation and Disability Benefits Act*
- *The Teachers' Life Insurance (Government Contributory) Act*
- *The Teachers' Dental Plan Act*

The TSC is not subject to the *Pension Benefits Act, 1992* except in relation to investments.

Objectives

Our specific objectives associated with this organizational mandate are:

- communicate information and guidance to plan members
- collect pension contributions from all participating teachers
- accept additional contributions for the Voluntary Contributions Fund
- calculate and distribute retirement benefits to teachers, spouses and dependents of deceased teachers
- assess, review and provide disability benefits to eligible teachers
- monitor the performance of the pension fund investments
- negotiate and administer reciprocal transfer agreements with other jurisdictions
- maintain appropriate financial records of the affairs of the Plan
- manage accurate and timely dental claims administration in conjunction with the service carrier
- administer the insurance claims associated with death and dismemberment in conjunction with the service carrier

Governance

Pension governance is important and the Commission is taking action to enhance our processes in addition to that defined by legislation. Conflict of Interest, integrated risk management, investment policy and monitoring, roles and responsibilities clarification, Commission member education and governance documentation will be the subject of considerable focus during the coming year.

Accountability

The TSC issues this annual report including audited financial statements supported by an actuarial opinion.

Commission Members

The TSC is responsible to the Minister in Charge for the administration of *The Teachers' Superannuation and Disability Benefits Act*, who at present is also the Minister of Learning (the Minister).

The TSC consists of seven members appointed by the Lieutenant Governor in Council:

- Three members are nominated by the STF executive committee
- Three members are nominated by the Minister
- A Chairperson nominated by the other six members

Appointments are typically for a term of five years and are eligible for reappointment.

Don Trew retired during the year, and the Commission wishes him well in his retirement. The Commission welcomed Frances Bast and Marlys Tafelmeyer who were appointed to the Commission to replace Michael Littlewood (retired in June of last year) and Don, respectively.

Commission member background

Pat J. Dickson (Mrs.) *Chairperson* Former Executive Director, League of Educational Administrators, Directors and Superintendents of Saskatchewan (L.E.A.D.S) and former Director of Education, Saskatoon Board of Education	
Frances Bast Director, Policy and Planning, School Finance, Saskatchewan Learning	**Lyle Vinish** General Secretary, Saskatchewan Teachers' Federation
Brian Smith Executive Director, Public Employees Benefits Agency, Saskatchewan Finance	**Shirley Humphries** Executive Assistant, Saskatchewan Teachers' Federation
Marlys Tafelmeyer Executive Director, Human Resources Branch, Saskatchewan Learning	**George Georget** Executive Assistant, Saskatchewan Teachers' Federation

Summary of attendance by Commission members

Pat Dickson	8 of 8 meetings
Frances Bast	6 of 8 meetings
George Georget	7 of 8 meetings
Shirley Humphries	8 of 8 meetings
Brian Smith	7 of 8 meetings
Marlys Tafelmeyer	1 of 1 meetings
Don Trew	2 of 7 meetings
Lyle Vinish	7 of 8 meetings

Commission member role

- TSC members, in addition to ensuring the provision of retirement and related benefits to teachers, are to provide for the responsibility of the Province to ensure that there are sufficient amounts to pay all allowances and other amounts as they become due and payable
- TSC members shall determine any question as to the application of *The Teachers' Superannuation and Disability Benefits Act*
- TSC members review and contribute to management's strategic plans
- TSC members review and agree upon the actuarial valuation assumptions
- The TSC expresses its investment strategy in its Investment Policy & Objectives Statement that is reviewed annually.

Administration

The TSC employs an Executive Director and staff required for administration of the various legislation and commission policies and is independent from management.

The management and administrative team, representing fourteen members, are responsible for all the administrative functions that result in meeting the objectives outlined earlier and include the strategic and operating unit work plans, financial and business decisions, evaluation of results against these plans, and reporting of activity to Commission members.

The management and administrative team also highlight certain policy decision items to the Commission members, including relevant recommendations, and respond to requests for information or onward execution as requested by Commission members.

Administration works very closely and cooperatively with the Saskatchewan Teachers' Federation to ensure seamless delivery of consistent, high-quality services to teachers across the province. This is particularly true in relation to the annual retirement planning sessions facilitated by the Saskatchewan Teachers' Federation. Collaboration on these retirement-oriented activities ensures the teachers of Saskatchewan have the opportunity to be informed through group and one-on-one counseling sessions.

Management formally communicates to Commission members on the operational activities at the regularly scheduled meetings, in addition to ad-hoc communications on various matters. Relevant Commission members conduct formal and informal performance evaluation of management, with opportunity for mutual feedback. A new performance management process permits management to outline key planning objectives for review by the relevant Commission members.

The $1.3 million operating budget of the Commission is paid out of monies appropriated by the Legislature.

Consultants

The TSC, as part of fulfilling its fiduciary duty in relation to the assets of the funds and as part of good governance, may acquire specialist competencies. This may include the engagement of technical, professional or other advisor, specialist or consultant services. Given the specialist knowledge required in investment management, defined benefit plan valuations and calculations, and pension administration software, the TSC does engage a number of outside consultants and advisors.

Actuarial consulting firms assist with the development of the investment policy guidelines, propose assumptions and perform the calculations of benefits for marriage breakdown, commuted value payments, and actuarial present value for the purpose of portability agreements. Actuarial services are also required in preparing a valuation of the Plan and for cash flow projections.

Investment managers provide the necessary expertise in managing the pensions assets in compliance with the asset mix guidelines to ensure risk-adjusted returns are maximized and achieve performance at or above the established performance benchmarks. Quarterly performance reports and presentations are provided to Commission members.

Securities custody services provide third party measurement and compliance reporting.

investment advisors assist in monitoring performance of the investment manager.

When required, legal consultation is provided by either the Department of Justice or private legal counsel. Legal advice provided to the Commission ensures all legal obligations are fulfilled.

Specialized information technology services are purchased to ensure the critical pension administration system, retirement management and payroll systems, disability systems and backbone network systems are securely maintained.

Valuation

The Commission has historically reviewed the valuation assumptions bi-annually and does so in consultation with the actuary. The forthcoming 2005 valuation, and current extrapolation, assume that the interest rate for valuation purposes be 5.6% per annum for 8 years, 5.4% per annum for the next 8 years, 5.2% per annum for next 8 years, and 5.0% per annum thereafter. The phased declining interest rate represents the increasing mix of implicit public sector debt (which has a lower cost) versus pension assets in relation to the funding status of the pension liabilities.

The financial statements in this report are based on an extrapolation of the June 30, 2003 valuation results done by the actuary to the end of June 30, 2005. The impact of the lower interest rate was to increase the unfunded liability by approximately $559.3 million. The total unfunded liability as at June 30, 2005 is $3.17 billion.

The government remains fully committed to meeting its legal and moral obligation to the teachers of Saskatchewan to pay pensions in accordance with the provisions of *The Teachers'*

Superannuation and Disability Benefits Act.

Investments

The vast majority of the Teachers' Superannuation Fund assets and all of the Voluntary Contributions Fund (together known as the Teachers' Superannuation Plan or the "Plan") are held in trust by RBC Global Services (Royal Trust), custodian of the investments on behalf of the Plan. Greystone Managed Investments Inc. is responsible for investing the funds. State Street Corporation is the custodian for the pooled fund investments on behalf of Greystone and its sub-advisors Goldman Sachs Asset Management and Hansberger Global Investors.

The TSC with the assistance of the investment manager, investment consultant, and actuarial consultant develop investment policies, strategies and objectives for each fund of the Plan. The Investment Policy and Objectives Statement (IP&OS) details the asset mix guidelines, and a benchmark portfolio against which the performance of the investment managers is measured. Individual asset class performance is also measured against their relevant, respective indices.

Short-term and long-term objectives for investment performance are outlined in the IP&OS, and active investment management has been chosen to achieve these results. The short-term objective is to achieve a total fund return in three out of four years of 1% above the 91-day Treasury Bill return. The relative long-term objective is to achieve a total rate of return 10% greater than the respective benchmark portfolio return for the respective fund.

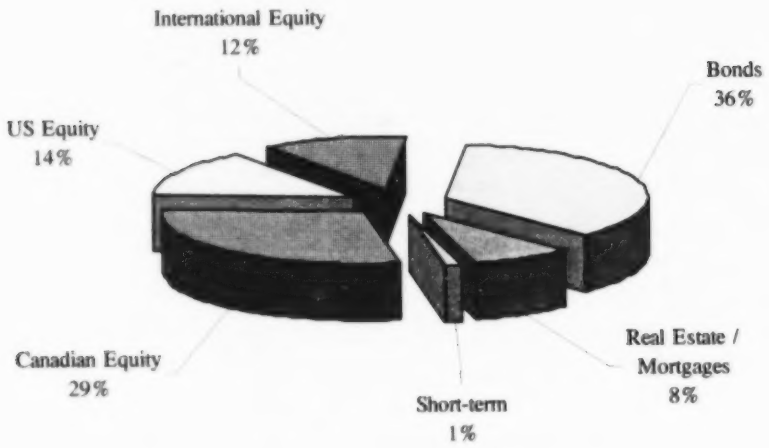
IP&OS asset mix guidelines as at June 30, 2005

	Minimum %	Maximum %
Canadian Equity	20	50
Foreign Equity (i.e. U.S. and International Equity)	0	30 [1]
Bonds	30	60
Real Estate	0	7 [2]
Mortgage	0	5
Short-term	0	10

[1] On June 29, 2005, Bill C-43 received royal assent resulting in the elimination of the 30% limit on foreign property ownership for all Canadian tax deferred registered retirement savings plans (including pension plans and RRSPs).

[2] The Real Estate constraint was relaxed during the year given the IP&OS was in the process of being increased to 10%.

TSF portfolio asset mix at June 30, 2005



TSF Rates of Return – Periods to June 30, 2005						
	1 Year		4 Years		10 Years	
Asset Class	Return	Benchmark	Return	Benchmark	Return	Benchmark
	%	%	%	%	%	%
Canadian Equity	24.8	18.0	11.1	8.3	15.8	10.0
U.S. Equity	0.9	-2.8	-2.9	-4.2	8.9	8.7
International Equity	4.2	3.8	-1.3	0.7	4.6	4.0
Bonds	13.0	12.0	9.3	8.8	8.9	8.5
Real Estate	17.3	n/a	12.9	n/a	11.6	n/a
Total Fund	13.7	10.0	7.2	5.7	10.5	8.7

As part of the annual review of the IP&OS, the TSC's investment consultant undertook a Long-Term Asset Study that evaluates the risk and return profile for a large number of portfolio scenarios. A key aspect of risk is managed through adequate portfolio diversification. Working in conjunction with the asset manager, investment consultants and actuary, the desired risk-adjusted return is established.

Pension Administration Systems

The pension administration software is crucial for the tracking of service, contributions, refunds, purchases, crediting of interest to teacher accounts and pension estimates.

During the year, upgrades to the administration software took place to ensure the underlying operating systems are actively supported by the various providers, and to permit increases in capacity and web-accessibility in the future. Risk related to data and system conversion are appropriately planned and managed to ensure data and system integrity.

The Commission contracts with two long-term outside information technology providers. These two service providers possess the current and specific competencies needed to manage the risks effectively.

Risk Management

There are a number of risks pertaining to pension plan administration. The TSC, as part of governance processes, is developing an integrated risk management framework whereby key risks are identified, along with identification of how risks will be managed and who is responsible. The outcome of this approach is to provide more cost-effective management of risk and to create opportunities to add value.

Communication

Timely and transparent communications are an essential element of good pension governance. The TSC strives to achieve effective communication with its teacher members.

Recent Federal and Provincial legislation in the area of privacy along with the implementation of a new Privacy Framework within the Province will not only serve to protect the interests of teachers but mitigate the related risks and concerns. This privacy legislation is impacting communication not only in relation to what types of information is communicated from the pension plan, but also in assessing what we collect directly from members.

In addition to this annual report and the annual statements to members, the TSC website and email have become increasingly important as the preferred tools of communication and information exchange. The TSC website provides considerable information:

- Downloadable forms for Dental, Group Insurance, Disability, Reciprocal Transfers, personal information change forms
- Information, including Frequently Asked Questions on Dental, Pension, Disability and Group Insurance
- Various legislative Acts and Regulations administered by the Commission
- Recent actuarial valuation reports
- Recent annual reports and annual statement letters
- Contact information

More on-line at www.stsc.gov.sk.ca

Future Plans

The inevitability of having to consider the future of the TSC, given that the plan was closed in 1980, is being addressed. The Commission had directed the Executive Director to research, analyze and present options to them, as to what to do regarding the future administration of the TSC. A consensus approach was elected by the Executive Director and accepted by the Commission to achieve this directive. Implicit to this mandate was the preservation of the high level of service and seamless continuity in meeting the expectations of members. Also of high importance was the welfare of the administration team. This options report has been finalized and is now part of a Cabinet decision making process that is expected to result in a decision during the 2005-2006 year.

Organization

The Commission acknowledges with sincere appreciation, the TSC's administrative team, whose efforts resulted in another successful year of service to the membership.

The Commission also expresses its appreciation to the Saskatchewan Teachers' Federation, the school boards and regional colleges, and the administrative staff within Saskatchewan Learning for their respective contributions to the success of the Commission.

Teachers' Superannuation Plan

The Teachers' Superannuation Plan was inaugurated on July 1, 1930 and became a closed plan in 1980 when Government began to address the growing unfunded liability. The Teachers' Annuity Plan was established for new teachers who had not previously taught in Saskatchewan and certain teachers who chose to transfer from the old formula plan. The Annuity Plan later became the Saskatchewan Teachers Retirement Plan (STRP).

Highlights

As at June 30	2005	2004
Active Members	3,538	3,966
Inactive Members	4,269	4,495
Pensioners/Survivors	9,917	9,680
Disability Recipients	324	326
July 1 Retirements	253	292
Total Members	18,301	18,759

From July 1, 2004 to June 30, 2005 a total of 453 (previous year 558) new allowances were granted.

On January 1, 2005 a Cost of Living Allowance increase of 1.4% (previous year 2.6%) was applied to pension allowances and disability benefits.

The investment earnings of 7.85% (previous year 3.10%) were credited to teachers in the Teachers' Superannuation Fund. A four-year rolling average rate is used for the purpose of crediting interest to teacher accounts. This process is in place to protect all participants from the wide variations in the rate of return such as experienced during the recent years market declines.

The Teachers' Superannuation Commission administers a Voluntary Contributions Fund, which allows active teachers to make additional tax-deductible contributions that are invested separately from the mandatory superannuation contributions.

The investment earnings of 14.816% (previous year 11.10%) were credited to the Voluntary Contributions Fund. There are 133 members with contributions in the Voluntary Contributions Fund. No interest smoothing is applied to the Voluntary Contributions Fund.

Teachers' Group Life Insurance Plan

Legislation was introduced September 1, 1960 to provide group life insurance coverage for Saskatchewan teachers. The Minister of Finance is responsible for 50% of the premium to provide each teacher with the coverage as set out in the Provincial Collective Bargaining Agreement. The coverage for term and accidental death and dismemberment in 2004-05 was $133,000.

Highlights

As at August 31	2005		2004	
	$	No.	$	No.
Number of teachers		18,678		18,547
Total amount of insurance in force	$2,312,375,600		$2,281,813,200	
Premiums Paid:				
Minister of Finance	$ 1,526,409		$ 1,500,808	
Teachers	2,709,896		2,574,716	
Total Premiums Paid	$ 4,236,305		$ 4,075,524	
LESS:				
Number of Death Claims		32		55
Amount of Death Claims	$ 2,953,600		$5,163,200	
Number of New Disability Claims		Nil		2
Amount of Disability Claims	244,975		201,164	
Sums paid for the conversion of insurance	2,060		51,740	
The insurance company operating costs [1]	184,062		200,711	
Total	$ 851,608		$1,541,291	

(1) Represents

Premium tax	$ 112,554
Administration & Risk	64,531
Claim expenses	6,450
Interest expenses	527
Total	$ 184,062

Teachers' Dental Plan

A dental plan was implemented effective January 1, 1986 for Saskatchewan teachers. The Minister of Finance, on behalf of the Government of Saskatchewan, is responsible for all the costs associated with the Teachers' Dental Plan.

Highlights

- 48,570 dental claims were processed.
- The province paid $8,120,672 for dental benefits.

Teachers' Superannuation Commission Management Report, 2005

The management of the Teachers' Superannuation Commission is responsible for the integrity of the accompanying financial statements and all other information in this Annual Report. In Canada, it is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived there from.

The accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best judgement in order that the financial statements reflect fairly the financial position of the Plan. The actuary's opinion for the Teachers' Superannuation Plan for the June 30, 2003 valuation and the extrapolation of the valuation results to June 30, 2005, appears on page 16.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on page 17.

The financial statements have been examined and approved by the Commission.

Dave Barnard

David Barnard,CFA,CMA,CA
Executive Director

Norma Knuth

Norma Knuth,CMA,CEBS
Manager, Financial Operations

Regina, Saskatchewan
September 30, 2005

Actuary's Opinion

Aon Consulting Inc. was retained by the Saskatchewan Teachers' Superannuation Commission (the "Commission") to perform actuarial valuations of the assets and liabilities of the Saskatchewan Teachers' Superannuation Plan and the Saskatchewan Teachers' Disability Benefits Plan (the "Plans") on an accounting basis as at June 30, 2003. Aon Consulting Inc. was further retained to prepare extrapolations of the valuation results to June 30, 2005 for inclusion in the Annual Report with respect to *The Teachers' Superannuation and Disability Benefits Act* for the Year Ended June 30, 2005.

The valuation and extrapolation of the Plans' actuarial assets and liabilities were based on:

- Membership and asset data provided by the Commission as at June 30, 2003;
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon Consulting Inc. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plans' financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plans' future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plans.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation and the extrapolation. We also believe that the methods employed in the valuation and extrapolation and the assumptions used are, in aggregate, appropriate. Our opinions have been given, and our valuation and extrapolation have been performed in accordance with accepted actuarial practice.

Wayne R. Berney
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

Paul Hebert
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

September 30, 2005

Auditor's Report To The Members Of The Legislative Assembly

I have audited the statement of net assets available for benefits and accrued pension benefits and unfunded liability of the Teachers' Superannuation Plan as at June 30, 2005 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and unfunded liability of the Plan as at June 30, 2005 and the changes in the net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 30, 2005

Fred Wendel,CMA,CA
Provincial Auditor

Statement 1
Teachers' Superannuation Plan
Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Unfunded Liability
As at June 30

	2005			2004		
	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)
ASSETS						
Due from General Revenue Fund (Note 3)	$ 36	$ 10	$ 46	$ 194	$ 21	$ 215
Accrued investment income	5,200	-	5,200	4,727	-	4,727
Investments (Note 4):						
Bonds and debentures	607,010	-	607,010	574,052	-	574,052
Short-term	24,115	-	24,115	4,163	-	4,163
Equities	602,392	-	602,392	605,775	-	605,775
Pooled Funds	313,411	3,659	317,070	321,313	3,231	324,544
Mortgages	1,228	-	1,228	1,284	-	1,284
Real estate	134,599	-	134,599	117,535	-	117,535
	1,687,991	3,669	1,691,660	1,629,043	3,252	1,632,295
Contributions receivable:						
Teachers	1,623	-	1,623	1,533	-	1,533
General Revenue Fund	7,358	-	7,358	12,170	-	12,170
	8,981	-	8,981	13,703	-	13,703
Total assets	$ 1,696,972	$ 3,669	$ 1,700,641	$ 1,642,746	$ 3,252	$ 1,645,998
LIABILITIES						
Accounts payable:						
Other	$ 631	$ 1	$ 632	$ 316	$ 1	$ 317
Total liabilities	631	1	632	316	1	317
Net assets available for benefits	1,696,341	3,668	1,700,009	1,642,430	3,251	1,645,681
Actuarial asset value adjustment	(125,475)	-	(125,475)	(24,793)	-	(24,793)
Actuarial value of net assets available for benefits	1,570,866	3,668	1,574,534	1,617,637	3,251	1,620,888
Actuarial accrued pension benefits (Statement 3)	4,745,024	3,668	4,748,692	4,111,528	3,251	4,114,779
Unfunded Liability	$ 3,174,158	$ -	$ 3,174,158	$ 2,493,891	$ -	$ 2,493,891

(See accompanying notes to the financial statements)

Statement 2
Teachers' Superannuation Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended June 30

	2005			2004		
	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)
INCREASE IN ASSETS:						
Investment Income:						
Interest	$ 35,586	$ 107	$ 35,693	$ 37,816	$ 110	$ 37,926
Dividends	21,319	23	21,342	15,445	21	15,466
Total investment income	56,905	130	57,035	53,261	131	53,392
Increase in market values of investments	154,612	345	154,957	168,657	202	168,859
Contributions:						
- General Revenue Fund other contributions	72,519	-	72,519	58,657	-	58,657
- Teachers	14,932	110	15,042	16,322	57	16,379
- General Revenue Fund matching contributions	14,861	-	14,861	16,243	-	16,243
- Other transfers and contributions	3,143	-	3,143	3,090	-	3,090
Total contributions	105,455	110	105,565	94,312	57	94,369
Total increase in assets	$ 316,972	$ 585	$ 317,557	$ 316,230	$ 390	$ 316,620
DECREASE IN ASSETS:						
Marriage breakdown payments	$ 1,107	$ -	$ 1,107	$ 655	$ -	$ 655
Allowances to superannuates	251,146	-	251,146	236,797	-	236,797
Refunds and transfers	7,642	162	7,804	8,103	207	8,310
Investment expenses (Note 7)	3,166	6	3,172	2,966	6	2,972
Total decrease in assets	$ 263,031	$ 168	$ 263,229	$ 248,521	$ 213	$ 248,734
Increase in net assets	53,911	417	54,328	67,709	177	67,886
Net assets available for benefits, beginning of year	1,642,430	3,251	1,645,681	1,574,721	3,074	1,577,795
Net assets available for benefits, end of year	$ 1,696,341	$ 3,668	$ 1,700,009	$ 1,642,430	$ 3,251	$ 1,645,681

(See accompanying notes to the financial statements)

Statement 3
Teachers' Superannuation Plan
Statement of Changes in Accrued Pension Benefits
For the Year Ended June 30

	2005	2004
	Superannuation Fund (Note 8) ($000s)	Superannuation Fund ($000s)
Accrued pension benefits, beginning of year	$ 4,111,528	$ 3,713,480
INCREASE IN ACCRUED PENSION BENEFITS:		
Interest on accrued benefits	287,807	282,220
Benefits accrued	55,364	51,742
Impact of plan experience	-	25,196
Impact of assumption changes	559,316	293,039
	902,487	652,197
DECREASE IN ACCRUED PENSION BENEFITS:		
Benefits paid	268,991	254,149
	268,991	254,149
Accrued pension benefits, end of year	$ 4,745,024	$ 4,111,528

(See accompanying notes to the financial statements)

1. Status of the Commission

The Saskatchewan Teachers' Superannuation Commission administers a pension plan, the Teachers' Superannuation Plan, consisting of the Teachers' Superannuation Fund and the Voluntary Contributions Fund (hereafter collectively referred to as the Plan). The Teachers' Superannuation Fund is used to account for the net assets accumulated for a defined benefit final average pension plan for teachers who commenced service prior to July 1, 1980. The Voluntary Contributions Fund is a money purchase fund, used to account for the net assets accumulated for teachers' voluntary contributions.

Description of Plan

The following description is a summary only. For more complete information, reference should be made to *The Teachers' Superannuation and Disability Benefits Act* (the Act).

Teachers' Superannuation Fund

a) Funding Policy

Members are required to contribute 6.05% of their salary subject to Canada Pension Plan contributions, and 7.85% on the remainder of their salary. The General Revenue Fund (GRF) pays into the Teachers' Superannuation Fund an amount equal to the amount contributed by members. Also, the GRF pays into the Teachers' Superannuation Fund other contributions pursuant to section 9(4) of the Act. Section 9(4) of the Act requires the GRF to pay yearly an amount by which the allowances, transfers and refunds that are paid out in that fiscal year exceed the credited contributions of members with respect to whom an allowance commences or a refund or transfer is made in that fiscal year. These amounts do not include disability benefit payments.

b) Age and Service Allowance

The annual amount of pension is determined as follows:

- 2% of the five highest years salary times years of service (maximum 35 years)
- reduced at age 65 for Canada Pension Plan integration
- increased each January 1 by 80% of the increase in the Consumer Price Index

c) Interest Credited to Contributions

As of July 1, 1994, the interest credited to contributions is an annual rate determined by the Commission to be the annual rate of return earned from the investments of the Fund in a fiscal year, compounded annually. See Note 5 for determination of investment earnings.

d) Death Benefits

When a superannuate dies, the spouse receives 60% of the allowance plus a further 10% for each dependent child to a maximum of 25%. If there is neither spouse nor dependent children, the nominee or estate receives a lump sum payment of the difference, if any, between the teacher's contributions and interest at retirement and the total pension paid to date.

e) Refunds

Refunds to teachers typically consist of the teacher's contributions and interest on those contributions.

Voluntary Contributions Fund

The Teachers' Superannuation Commission administers the Voluntary Contributions Fund. This Fund is continued under the Act. The Voluntary Contributions Fund allows active teachers to make contributions into the Fund, according to the limits set out in the *Income Tax Act (Canada)*.

The Voluntary Contributions Fund is credited with all voluntary contributions, any interest earned and any other revenue accrued from the investment of monies in the Voluntary Contributions Fund less investment expenses. The Voluntary Contributions Fund amount is reduced by amounts paid out at the time the teacher makes an application for a refund. If eligible, the accumulated contributions and interest earned are paid to the teacher, the teacher's nominee or to the teacher's estate.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Investments denominated in foreign currency are translated at the exchange rate in effect at year end. Investment transactions and realized gains and/or losses are translated at the exchange rate in effect at the transaction date. Unrealized gains and losses resulting from exchange differences are included in the determination of the change in market value of investments.

Pooled funds are recorded based on the net asset value per unit of the underlying investments as at June 30, 2005.

Short-term investments are valued at cost, which approximates market value.

Mortgages are recorded at fair value. Fair value is determined by discounting the present value of all income streams accruing to the mortgage. The interest rate applied to these income streams reflects the current market rate for comparable mortgages. Real estate is recorded at fair value as estimated by independent appraisals.

The fair value of the investments approximates the market value.

b) Actuarial Asset Value Adjustment

The actuarial value of net assets available for benefits is determined by reference to market trends consistent with assumptions underlying the valuation of accrued pension benefits. The actuarial asset value adjustment represents the difference between the actual and management's best estimate of return on the Superannuation Fund amortized over four years. Using this adjustment, fair value remains the underlying basis for asset valuation, but fluctuations are averaged over a four-year period. For years in

between valuations, the actuarial asset value adjustment is extrapolated.

3. **Due From General Revenue Fund**

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Under this arrangement, interest is calculated on the net position of all COBC accounts and is paid by the bank into the GRF.

The Funds' share of this interest is allocated and paid by the GRF on a quarterly basis into the Funds' bank accounts using the Government's thirty-day borrowing rate. The Government's average thirty-day borrowing rate in 2004-2005 was 2.31% (2003-2004 - 2.50%).

4. **Investments**

Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The Commission's strategy is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian and foreign equities, pooled funds, money market securities, bonds, mortgages and real estate. The Plan's investments are exposed to the following risks:

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's assets is affected by short-term changes in nominal interest rates. Interest rate risk is managed by investing in bonds and debentures with varying durations.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Commission limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poor's Ratings Service.

c) Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies results in a positive or negative effect on the fair value of investments.

d) Market Risk

The Commission invests in publicly traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission manages market risk by investing in different domestic and foreign markets and through the establishment and review of asset mix ranges and limits for various investments. The Commission does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

e) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Teachers' Superannuation Fund

The Act and the Plan's investment policy require that all the Plan's investments comply with the provisions of *The Pension Benefits Act, 1992*, which does not allow any one holding to represent more than 10% of the book value of the Plan's portfolio.

Short-term Investments

These investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 2.48% to 3.03% (2004 - 2.06% to 2.85%) and a weighted average term to maturity of 53 days (2004 - 44 days). Interest is receivable at maturity.

Bonds and Debentures

The Plan's investment policy limits its investment concentration in any one investee or related group to no more than 10% of that corporation's book value of outstanding bonds. Bonds must meet a minimum quality standard of BBB rating as measured by a recognized credit rating service or be specifically approved by the Commission.

For the Teachers' Superannuation Fund, the Plan invests in bonds that are considered to be high quality as described below.

		2005			2004		
	Years to Maturity	Market Value ($000s)	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)	Market Value ($000s)	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)
Federal Bonds							
Government of Canada	1-5	$ 231,663	3.01	3.46	$ 144,181	4.03	4.00
	6-10	32,290	5.06	4.15	90,799	4.92	5.00
	20+	69,522	4.21	5.75	101,033	5.31	5.75
Provincial & Provincially	1-5	18,736	3.31	5.57	20,750	4.02	5.30
Guaranteed Bonds	6-10	44,131	3.80	5.11	42,232	5.01	5.93
Other Provinces	11-15	24,541	4.26	5.38	8,291	5.47	5.89
	20+	42,262	4.67	5.91	32,953	5.82	6.24
Saskatchewan	6-10	-	-	-	2,632	5.10	5.25
	20+	11,117	4.60	6.16	7,871	5.78	6.21
Municipal	20+	2,973	4.79	5.90	3,198	5.94	5.90
Corporate Bonds	1-5	53,761	3.20	4.63	50,177	4.26	5.25
	6-10	52,259	4.01	5.73	42,496	5.28	5.95
	11-15	4,663	4.18	5.45	8,427	5.48	5.56
	16-20	4,272	4.61	7.18	7,099	5.77	6.78
	20+	14,820	5.40	6.74	11,913	6.60	6.82
		$ 607,010			$ 574,052		

These bonds all meet the minimum quality standard of a BBB rating as measured by a recognized credit rating service. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

		2005	2004
		(market values) ($000s)	
Common shares			
	Canadian	$ 487,174	$ 496,527
	Foreign	115,218	109,248
		$ 602,392	$ 605,775

The Plan's investment policy limits any holding to represent no more than 10% of the outstanding shares of the issuing corporation. Foreign equities and pooled funds are denominated in Canadian dollars. The Superannuation Fund's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate during the year was 1.67% (2004 – 1.72%).

Pooled Funds

The Superannuation Fund holds units in pooled funds, which have no fixed interest rate, and its returns are based on the success of the manager. The Teachers' Superannuation Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2005	2004	2005	2004	2005	2004	2005	2004
	(000s)				($000s)		($000s)	
Greystone EAFE Plus Fund	20,710	22,076	18.33	18.37	$ 194,215	$ 203,080	$ 8,335	$ 21,275
Greystone US Strategic Growth Fund	3,418	3,362	54.6	55.33	35,709	38,248	(2,539)	3,123
Greystone US Strategic Value Fund	3,652	3,266	49.47	55.33	41,619	40,471	955	7,016
Greystone US Growth Equity Fund	3,494	*3,107	24.72	26.18	41,868	39,514	(296)	5,153
					$ 313,411	$ 321,313	$ 6,455	$ 36,567

Mortgages

Investments in mortgages consist of Canadian properties. The net yield at the time of commitment is expected to exceed the yield on "A" rated bonds of similar terms by a minimum of 1.5% after administration fees. Principal and interest are received on a monthly basis.

Real Estate

Investments in real estate consist of Canadian property. Included in real estate are investments in related real estate corporations (see Note 7).

Voluntary Contributions Fund

Pooled Funds

The Voluntary Contributions Fund holds units in pooled funds, which have no fixed interest rate, and its returns are based on the success of the manager. The Voluntary Contributions Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2005	2004	2005	2004	2005	2004	2005	2004
	(000s)				($000s)		($000s)	
Greystone EAFE Plus Fund	18	17	0.02	0.01	$ 167	$ 157	$ 6	$ 30
Greystone Canadian Fixed Income Fund	173	155	0.90	0.73	1,856	1,565	206	55
Greystone Canadian Equity Fund	47	53	0.22	0.24	1,181	1,085	250	206
Greystone US Equities Pooled Fund	21	19	0.63	0.42	232	207	8	35
Greystone Money Market Fund	22	22	0.250	0.45	223	217	5	7
					$ 3,659	$ 3,231	$ 475	$ 333

5. Teachers' Superannuation Fund - Determination of Investment Earnings for Administrative Purposes

The Commission determines investment earnings of the Superannuation Fund in order to establish what interest must be credited to teachers, and what interest teachers must pay when purchasing past service. The Commission has determined that only 25% of the current period change in market values of investments (includes both realized and unrealized gains and losses) will be recognized as part of investment earnings. The remaining 75% will be recognized equally over the following three years as part of investment earnings. Interest and dividend income less investment expenses are fully allocated for the current year. The investment earnings rate was 7.85% (2004 – 3.10%) for the year.

6. Voluntary Contributions Fund - Earnings Allocation to Members

The Commission allocates all realized and unrealized gains/losses at year-end. During the year, the Commission allocated investment earnings less investment expenses of $469,299 to teachers' accounts (2004 - $327,386).

7. Related Party Transactions

These financial statements include transactions with related parties. The Plan is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Plan is related to non-Crown enterprises that the Government jointly controls or significantly influences.

a) Administration

In accordance with the Act, all expenses of the administration are paid out of monies appropriated from the GRF to the Department of Learning by the Legislature. Accordingly, no provision for these costs is included in these financial statements.

Expenses related to managing, investing or disposing of assets of the Plan are to be paid directly by each fund. The annual expenses for custodial fees and investment management fees paid to RBC Global Services and Greystone Managed Investments Inc., respectively are as follows:

	2005			2004		
	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)
Custodial fees	$ 104	$ 3	$ 107	$ 117	$ 3	$ 120
Investment and asset management fees	3,062	3	3,065	2,849	3	2,852
	$ 3,166	$ 6	$ 3,172	$ 2,966	$ 6	$ 2,972

b) Investment Management Services

Greystone Managed Investments Inc. (GMI) provides investment management services to the Teachers' Superannuation Fund and the Voluntary Contributions Fund on a fee-for-service basis. The Teachers' Superannuation Fund is a shareholder in GMI. The Teachers' Superannuation Fund holds 223,811 common shares (2004 - 223,811 common shares) representing 13.89% of the total shares outstanding in GMI (2004 – 14.05%).

c) Investment Holdings

Teachers' Superannuation Fund

Included in the totals for bonds and debentures and income are Province of Saskatchewan holdings of $11,117,029 (2004 - $10,503,433) and income including change in market value of $2,111,391 (2004 - $482,768). In addition, included in the totals for bonds and debentures and income are Greystone Capital Management Inc. holdings of $600,000 (2004 - $800,000) and income including change in market value of $46,430 (2004 - $60,430).

Included in the total real estate investment at year-end are SaskPen Properties Ltd. holdings of $3,641,256 (2004 - $3,614,112) and income including change in market value of $294,034 (2004 - loss of $218,177). SaskPen Properties Ltd. is a real estate corporation owned by Government of Saskatchewan managed public sector pension plans.

Other transactions with related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

8. Actuarial Valuation - Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on services and the best estimate assumptions of the Teachers' Superannuation Commission. Aon Consulting Inc. prepared an actuarial valuation of the Teachers' Superannuation Fund as at June 30, 2003, and an extrapolation was made to June 30, 2004 and June 30, 2005.

The pension liability is based on a number of assumptions about future events including interest rate, rate of salary increase, inflation rate, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2005	2004
• salary increases	2% for 2 years; 3.5% thereafter	3.5%
• interest rate	5.6% / year for 8 years, 5.4% / year for the next 8 years, 5.2% / year for next 8 years, and 5.0% / year thereafter	7% for 2004 and thereafter
• inflation	2.5%	3.0%

The declining interest rate for the unfunded portion of the accrued pension benefits reflects the long-term expectation for the cost of borrowing for public debt. The decrease in interest rate and inflation rate assumption increased the accrued pension benefits by $559,316,000.

The following illustrates the effect of changing certain assumptions from the assumed rates. For the salary and interest rate categories, the changes in assumption are independent of one another. The inflation category, however, is affected by other assumptions that have an inflation component. In the scenario of the 1% change in inflation, the assumptions for the interest rate, salary increase, Year's Maximum Pensionable Earnings (YMPE) and Canada Revenue Agency pension maximum are also changed by 1%.

Effect on Liability	Long-term assumptions					
	Salary		Interest rates		Inflation	
	2.5%	4.5%	4.6%	6.6%	1.5%	3.5%
Increase (decrease) ($000s)	$(37,826)	$39,767	$559,057	$(460,161)	$130,481	$(123,615)

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Teachers' Superannuation Commission. The Commission reviews the investment performance of the Funds in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance, which assume a full allocation of realized and unrealized gains and losses:

	2005 annual return	Rolling four-year average annual return
Teachers' Superannuation Fund [1]	13.70%	7.20%
Target rate of return [2]	11.00%	6.27%
Voluntary contributions [1]	14.90%	8.10%
Target rate of return [2]	12.87%	7.92%

[1] The annual returns are before deducting investment expenses

[2] The Commission's weighted target rate of return for its investment portfolio (return on the benchmark portfolio plus 10%) has been determined, after the fact, using the weighted actual returns of certain market indices (for example - TSX total return, Scotia Capital Universe Bond Total Return Index, etc.)

10. Disability Benefits

The annual amount of disability benefits is payable to a teacher who:

- is disabled because of total physical or mental incapacity for teaching;
- has 10 years of service;
- has at least three years of service in the five years preceding disablement; and
- has not attained age 65.

The annual amount of disability benefits is determined by applying the regular pension allowance formula. The disability benefits are indexed each January 1 by 80% of the increase in the Consumer Price Index.

Payments may be discontinued or reduced on recovery or re-employment. The allowance is recalculated at age 65 to include service while on the Saskatchewan Teachers' Federation Income Continuance Plan.

Section 38(2) of the Act states the disability benefits are a charge on and payable out of the GRF. The $5,974,978 (2004 - $5,952,150) in disability benefits flowed through the Teachers' Superannuation Fund for administrative purposes only and is not reflected in these financial statements. The GRF provided contributions equal to the disability benefits.

Disability Benefits - Actuarial Valuation

The present value of accrued disability benefits was determined using the projected benefit method prorated on services and the best estimate assumptions approved by the Teachers' Superannuation Commission. Aon Consulting Inc. prepared an actuarial valuation of the Teachers' Disability Benefits Plan as at June 30, 2003, and an extrapolation was made to June 30, 2004 and June 30, 2005.

The actuarial present value of benefits as at June 30, 2005 and the principal components of change in actuarial present values during the year were as follows:

	2005 ($000s)	2004 ($000s)
Actuarial present value of accrued disability benefits, beginning of year	$ 42,512	$ 77,693
INCREASE IN ACCRUED DISABILITY BENEFITS:		
Interest on accrued benefits	2,976	3,147
Benefits accrued	615	575
Impact of assumption changes	410	-
	4,001	3,722
DECREASE IN ACCRUED DISABILITY BENEFITS:		
Benefits paid	6,184	6,160
Impact of plan experience	-	10,913
Impact of assumption changes	-	21,830
	6,184	38,903
Actuarial present value of accrued disability benefits, end of year	40,329	42,512
Net assets available for benefits	-	-
Unfunded liability	$ 40,329	$ 42,512

The disability liability is based on a number of assumptions about future events, including interest rate, rate of salary increase, inflation rate, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued disability benefits were the same as for determining the accrued pension benefits (see Note 8).

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.5%, Interest 5.6% and inflation 2.5%.

Effect on Liability	Long-term assumptions					
	Salary		Interest rates		Inflation	
	2.5%	4.5%	4.6%	6.6%	1.5%	3.5%
Increase (decrease) ($000s)	$(353)	$366	$1,813	$(1,685)	$458	$(448)

The disability liability is long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value for the disability liability is not practicable.

11. Cash Flow Forecast

The total cash inflow is the amount of contributions and investment income expected to be received by the pension plan. The GRF contributions include matching contributions and additional amounts contributed pursuant to section 9(4) of the Act. The total cash outflow is the amount required to pay all

pension obligations. The cash required will be funded from the proceeds of disposals of investments for the period 2005 to 2029. The forecast of cash inflows and outflows have been determined using the long-term assumptions used in the June 30, 2003 valuation. All amounts shown are based on actual dollar forecasts.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2035:

	Cash inflows				
	Teachers Contributions ($000s)	GRF Contributions ($000s)	Investment Income ($000s)	Cash Outflows ($000s)	Cash Required ($000s)
2005-06	$ 12,925	$ 79,308	$ 101,123	$ 269,078	$ 75,722
2006-07	11,587	91,217	95,773	281,038	82,461
2007-08	10,123	80,615	89,177	292,971	113,056
2008-09	8,523	77,802	80,694	305,072	138,053
2009-10	6,883	90,894	70,963	318,535	149,795
Total within 5 years	$ 50,041	$ 419,836	$ 437,730	$ 1,466,694	$ 559,087
Total 6 to 10 years	$ 16,332	$ 905,033	$ 210,191	$ 1,731,479	$ 599,923
Total 11 to 30 years	$ 2,782	$ 5,919,209	$ 188,407	$ 6,482,924	$ 372,526

12. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments the fair value approximates their carrying value due to the immediate or short-term nature of these instruments. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

- Due from GRF
- Accrued investment income
- Teachers' contributions receivable and GRF contributions receivable
- Accounts Payable

For investments, fair values are considered to be market value, the calculation of which is described in Note 2.

The actuarial accrued pension benefits are long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value of the actuarial accrued pension benefits is not practicable (see Note 8).

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1
Teachers' Superannuation Fund
Schedule of Investments and Accrued Interest As At June 30

	2005		2004	
	Total Valued At Market ($000s)	Accrued Interest ($000s)	Total Valued At Market ($000s)	Accrued Interest ($000s)
Canada and Canada Guaranteed	$ 333,475	$ 1,930	$ 336,013	$ 1,919
Provincial and Provincially Guaranteed	140,787	995	114,729	1,133
Urban Municipalities and Hospitals	2,973	11	3,198	15
Corporate Debentures	129,775	1,194	120,112	994
Corporate Shares	602,392	941	605,775	641
Pooled Funds	313,411	--	321,313	--
Insured Mortgages - Principal and Real Estate	135,827	4	118,819	5
Short Term	24,115	125	4,163	20
Total	$ 1,682,755	$ 5,200	$ 1,624,122	$ 4,727

Schedule 2
Teachers' Superannuation Fund
Schedule of Investments Acquired, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
DEBENTURES;			
Government of Canada	Jun. 01, 2006	3.00	255,676,303
Government of Canada	Jun. 01, 2007	3.00	173,951,549
Government of Canada	Dec. 01, 2006	3.25	177,708,080
Government of Canada	Sep. 01, 2009	4.25	142,327,214
Government of Canada	Jun. 01, 2014	5.00	262,748,659
Government of Canada	Jun. 01, 2015	4.50	39,282,265
Government of Canada	Jun. 01, 2033	5.75	173,537,719
Alberta Capital Finance Authority	Dec. 15, 2011	4.44	3,399,170
Alberta Municipal Finance	Jun. 01, 2012	5.85	1,350,976
Bank of Montreal	Apr. 22, 2015	Floating	3,095,034
Bank of Nova Scotia	Feb. 18, 2010	3.93	3,409,524
BMO Capital Trust	Dec. 31, 2014	5.47	2,487,211
BC Ferry Service Inc.	May 27, 2014	5.74	427,983
BC Ferry Service Inc.	Oct. 13, 2034	6.25	1,679,247
Canada Housing Trust	Sep. 15, 2009	4.65	48,976,021
Canada Housing Trust	Mar. 15, 2010	3.75	44,192,931
Canada Housing Trust	Mar. 15, 2010	Floating	12,060,598
Canada Housing Trust	Sep. 15, 2010	Floating	5,874,936
Canadian Imperial Bank of Commerce	Dec. 22, 2014	4.75	2,300,097
CDP Financial	Jul. 14, 2008	4.20	2,317,328
Cards II Trust	Oct. 15, 2009	4.38	2,167,000
Financement Quebec	Dec. 01, 2009	4.75	3,712,583
FortisAlberta	Oct. 31, 2034	6.22	1,838,467
GE Capital Funding	Jun. 07, 2010	3.65	1,780,699
Genesis Trust	Mar. 15, 2010	4.00	4,494,000
Greater Toronto Airports	Jun. 02, 2008	5.17	1,371,845
HSBC Finance	May 3, 2010	4.00	3,859,774
Household Finance	Apr. 13, 2009	4.20	975,004
Hydro One Inc.	Nov. 15, 2012	5.77	1,929,455
Manitoba Telecom	Sep. 27, 2011	5.20	2,462,719
National Bank of Canada	Dec. 22, 2014	Floating	1,920,000
Province of British Columbia	Aug. 23, 2010	6.38	3,374,063
Province of British Columbia	Aug. 23, 2013	8.50	2,909,638
Province of British Columbia	Jan. 09, 2012	5.75	3,107,661
Province of British Columbia	Jun. 18, 2014	5.30	6,132,217
Province of British Columbia	Jun. 18, 2035	5.40	2,962,792
Province of Manitoba	Dec. 03, 2013	5.05	3,232,442
Province of New Brunswick	Jun. 15, 2010	6.38	7,202,351
Province of New Brunswick	Dec. 06, 2012	5.88	2,723,074
Province of New Brunswick	Jan. 18, 2013	5.88	2,929,259
Province of New Brunswick	Feb. 04, 2015	4.50	7,388,762
Province of Newfoundland	Oct. 17, 2035	5.70	2,792,151

Schedule 2
Teachers' Superannuation Fund
Schedule of Investments Acquired, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
Province of Nova Scotia	Jun. 01, 2011	6.25	3,117,931
Province of Nova Scotia	Jun. 01, 2033	5.80	3,003,547
Province of Ontario	Oct. 01, 2008	Floating	7,194,983
Province of Ontario	Dec. 01, 2008	5.70	4,097,310
Province of Ontario	Nov. 19, 2010	6.10	6,302,129
Province of Ontario	Dec. 02, 2011	6.10	6,321,435
Province of Ontario	Dec. 02, 2012	5.38	6,427,597
Province of Ontario	Mar. 08, 2014	5.00	6,427,985
Province of Ontario	Jun. 02, 2018	5.50	4,684,783
Province of Ontario	Mar. 08, 2015	4.50	5,992,267
Province of Ontario	Jun. 02, 2020	4.85	4,227,788
Province of Ontario	Jun. 02, 2035	5.60	17,333,461
Province of Quebec	Jun. 01, 2009	5.50	4,890,399
Province of Quebec	Dec. 01, 2010	6.25	6,152,531
Province of Quebec	Aug. 06, 2011	Floating	18,419,660
Province of Quebec	Oct. 01, 2012	6.00	3,127,143
Province of Quebec	Oct. 01, 2013	5.25	15,802,451
Province of Quebec	Dec. 01, 2014	5.50	10,179,865
Province of Quebec	Dec. 01, 2015	5.00	6,234,623
Province of Quebec	Dec. 01, 2036	5.75	3,022,385
Province of Saskatchewan	Sep. 05, 2031	6.40	2,609,751
Province of Saskatchewan	Mar. 05, 2037	5.00	1,764,447
Royal Bank of Canada	Jan. 20, 2014	5.00	2,371,517
Royal Bank of Canada	Jun. 01, 2014	4.18	1,907,277
Royal Bank of Canada	Jun. 18, 2014	5.95	1,300,759
Royal Bank of Canada	Nov. 04, 2018	Floating	1,893,434
Scotia Bank Capital Trust	Jun. 30, 2012	6.63	682,431
Toronto Dominion Bank	Sep. 05, 2013	4.54	1,098,587
Wells Fargo Financial CDA	Jun. 29, 2009	4.75	637,988
SHARES:			
Alcan Inc.		–	4,368,374
Alliant Technology Systems		–	71,488
Amgen Inc.		–	611,685
Apache Corp.		–	524,515
ATI Technologies Inc.		–	6,670,955
Bank of America Corporation		–	403,362
Brunswick Corp.		–	94,163
Canadian National Railways		–	3,801,285
Capital One Financial		–	252,146
Church & Dwight Co. Inc.		–	137,859
Citigroup Inc.		–	1,028,220
Cleveland Cliff Inc.		–	1,105,076
Coach Inc.		–	209,720

Schedule 2
Teachers' Superannuation Fund
Schedule of Investments Acquired, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
Conoco Phillips		--	209,969
Cott Corp.		--	998,375
Doral Financial Corporation		--	1,912,605
Encana Corporation		--	2,842,849
Exelon Corp		--	3,418,882
Exxon Mobil Corp.		--	1,130,590
Falconbridge Ltd.		--	915,618
Fedex Corporation		--	212,331
Franklin Resources Inc.		--	997,871
General Electric Co.		--	1,470,291
Greystone EAFE Plus Fund		--	4,381,956
Greystone US Midcap Growth		--	4,531,400
Greystone US Strategic Growth		--	592,410
Greystone US Strategic Value		--	4,295,180
Harley Davidson Inc.		--	2,255,775
Home Depot Inc.		--	1,436,767
Ingersoll-Rand Co.		--	2,776,703
Intel Corp		--	208,437
ITT Industry Inc.		--	227,360
Laboratory Corporation America		--	667,454
Lennar Corporation Class A		--	1,372,702
Lowes Co.		--	98,475
MacDonald Dettwiler		--	1,366,284
Manulife Financial Corporation		--	3,845,657
Mohawk Industries Inc.		--	139,197
Nabors Industries Ltd.		--	574,247
Petsmart Inc.		--	1,187,385
Pfizer Inc.		--	198,237
Phelps Dodge Corp.		--	784,046
Praxair Inc.		--	221,763
Precision Drilling		--	4,618,821
Proctor & Gamble Co.		--	320,131
Qualcomm Inc.		--	230,412
Quest Diagnostics		--	2,969,502
Research in Motion		--	5,886,328
Rogers Communication		--	7,463,381
Rona Inc.		--	506,560
Royal Bank of Canada		--	7,927,512
Shoppers Drug Mart		--	1,064,429
Spectrum Brands		--	868,338
Suncor Energy Inc.		--	14,102,600
Symantec Corporation		--	244,842
Synaptics Inc.		--	774,921
Talisman Energy Inc.		--	1,341,567

Schedule 2
Teachers' Superannuation Fund
Schedule of Investments Acquired, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
Teck Cominco Ltd.		–	1,445,202
Telus Corp.		–	17,564,154
Texas Instruments Inc.		–	165,701
3M Company		–	157,747
Tundra Semiconduct		–	309,295
United Health Group Inc.		–	3,354,115
US Bancorp Del.		–	243,464
West Fraser Timber		–	4,495,780
WestJet Airlines		–	1,085,794
MORTGAGES AND REAL ESTATE:			
Bramalea City Centre		–	1,320,067
Explorer Drive		–	613,200
Hunter Amenities		–	546,874
KS Equities Inc.		–	2,433,125
Production Court		–	289,659
Rutherford Properties Ltd.		–	85,537
University Equities		–	133,502
SHORT TERM:		–	488,394,230
TOTAL			**$ 2,220,801,713**

Schedule 3
Teachers' Superannuation Fund
Schedule of Investments Disposed, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
DEBENTURES:			
Government of Canada	Dec. 01, 2006	3.25	177,604,901
Government of Canada	Jun. 01, 2006	3.00	279,038,541
Government of Canada	Jun. 01, 2007	3.00	46,756,543
Government of Canada	Sep. 01, 2008	4.25	71,064,526
Government of Canada	Sep. 01, 2009	4.25	85,506,761
Government of Canada	Jun. 01, 2014	5.00	358,120,008
Government of Canada	Jun. 01, 2015	4.50	13,185,776
Government of Canada	Jun. 01, 2033	5.75	217,255,292
Aeroports De Montreal	Oct 11, 2033	6.61	241,358
Alliance Pipeline	Jun. 30, 2023	7.18	510,316
Bank of Nova Scotia	Feb. 18, 2010	3.93	3,453,947
BCE Inc.	Oct. 30, 2007	6.75	421,728
BC Ferry Services Inc.	May 27, 2014	5.74	198,659
BMO Capital Trust	Dec 31, 2014	5.47	2,576,980
Borealis Information Trust	May 03, 2011	6.27	397,967
Canada Housing Trust	Dec. 15, 2008	4.10	51,290,023
Canada Housing Trust	Sep 15, 2009	4.65	49,952,712
Canada Housing Trust	Mar. 15, 2010	Floating	12,059,999
Canadian Imperial Bank	Apr. 1, 2005	2.60	200,000
Canadian Tire	Feb 24, 2034	6.32	2,504,385
Citigroup Financial Canada	Aug. 05, 2008	4.30	207,751
Column Canada	May 15, 2034	5.94	503,509
407 ETR International Inc.	Aug. 15, 2007	9.00	255,874
Falcon Trust Commission Mtg. Srv.	Jan. 15, 2011	5.15	444,547
55 School Board Trust	Jun. 02, 2033	5.90	678,578
GE Capital Funding Co.	Jul. 24, 2007	5.30	236,284
Gloucester Credit Card Trust	Jun. 15, 2007	5.59	4,803,280
Gloucester Credit Card Trust	May 15, 2008	4.72	263,348
Greater Toronto Airport	Dec. 03, 2007	5.95	1,736,843
Greystone Capital	Oct. 24, 2007	7.00	200,000
Hollis Receivable Trust	Apr. 26, 2006	5.67	4,074,544
Household Finance	Apr. 13, 2009	4.20	2,890,097
Investors Group	May 09, 2011	6.75	628,710
Loblaw Companies Ltd.	Nov. 20, 2013	5.40	1,902,781
Merrill Lynch Financial Assets	Apr. 15, 2011	6.79	646,780
Merrill Lynch Financial Assets	Jun. 12, 2013	5.25	1,697,685
Merrill Lynch Mtg. Loan Inc.	Sep. 15, 2010	6.75	453,214
National Bank of Canada	Dec. 22, 2014	4.93	617,814
Province of British Columbia	Dec. 01, 2009	6.25	3,067,190
Province of British Columbia	Jan 09, 2012	5.75	7,107,305
Province of British Columbia	Aug 23, 2013	8.50	2,968,475
Province of British Columbia	Jun 18, 2014	5.30	1,815,570

Schedule 3
Teachers' Superannuation Fund
Schedule of Investments Disposed, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
Province of British Columbia	Jun. 18, 2029	5.70	1,008,900
Province of Manitoba	May 15, 2011	10.00	3,197,740
Province of Manitoba	Dec. 03, 2013	5.05	2,084,931
Province of New Brunswick	Jun. 15, 2010	6.38	3,132,705
Province of New Brunswick	Dec. 06, 2012	5.88	2,765,175
Province of New Brunswick	Jan. 18, 2013	9.25	2,960,805
Province of Newfoundland	Oct. 17, 2035	5.70	2,965,876
Province of Nova Scotia	Sep. 01, 2010	6.40	1,937,102
Province of Nova Scotia	Jun. 01, 2011	6.25	1,679,505
Province of Ontario	Sep. 08, 2006	3.50	4,165,529
Province of Ontario	Oct. 01, 2008	Floating	7,193,545
Province of Ontario	Dec. 01, 2008	5.70	4,127,540
Province of Ontario	Nov. 19, 2010	6.10	6,423,884
Province of Ontario	Dec. 02, 2011	6.10	6,426,056
Province of Ontario	Dec. 02, 2012	5.38	8,651,590
Province of Ontario	Mar. 08, 2014	5.00	8,293,594
Province of Ontario	Jun. 02, 2027	7.60	3,257,556
Province of Ontario	Mar. 08, 2029	6.50	958,166
Province of Ontario	Mar. 08, 2033	5.85	10,905,059
Province of Ontario	Jun. 02, 2035	5.60	2,996,070
Province of Quebec	Dec. 01, 2005	6.50	4,238,088
Province of Quebec	Jun. 01, 2009	5.50	6,236,799
Province of Quebec	Dec. 01, 2010	6.25	9,695,958
Province of Quebec	Aug. 06, 2011	Floating	18,416,477
Province of Quebec	Oct. 01, 2012	6.00	6,263,318
Province of Quebec	Oct. 01, 2013	5.25	16,259,422
Province of Quebec	Dec 01, 2014	5.50	10,168,021
Province of Quebec	Jun. 01, 2032	6.25	753,900
Province of Quebec	Dec. 01, 2036	5.75	3,036,575
Province of Saskatchewan	Dec. 03, 2012	5.25	2,728,477
Province of Saskatchewan	Mar. 05, 2029	5.75	2,611,557
Financement Quebec	Dec. 01, 2009	4.75	2,955,059
Financement Quebec	Dec. 01, 2015	6.25	436,200
Royal Bank of Canada	Jun. 01, 2014	4.18	1,934,525
Royal Bank of Canada	Jun. 18, 2014	5.95	3,485,753
Royal Bank of Canada	Nov. 04, 2018	Floating	2,436,688
Scotia Bank Capital Trust	Jun. 30, 2012	6.63	2,789,908
Sun Life Assurance	Jun. 30, 2022	6.15	2,852,828
Toronto Dominion Bank	Jun. 03, 2013	5.69	1,548,702
Toronto Dominion Bank	Sep. 05, 2013	4.54	4,097,971
SHARES:			
Alcan Inc.		–	6,700,647
Alliant Techsystems		–	1,135,689

Schedule 3
Teachers' Superannuation Fund
Schedule of Investments Disposed, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %	Market Value $
Anheuser Busch Co.		–	1,458,339
ATI Technologies Inc.		–	674,609
Bank of America Corporation		–	104,321
Bank of Montreal		–	18,804,437
Bank of Nova Scotia		–	8,609,748
Barrick Gold Corp.		–	6,488,454
Best Buy Inc.		–	1,606,881
Cameco Corporation		–	12,574,400
Canadian Imperial Bank of Commerce		–	3,268,401
Canadian National Railway		–	3,349,433
Canadian Natural Resources		–	9,197,641
Cardinal Health Inc.		–	1,479,288
CGI Group Inc.		–	1,064,347
Citigroup Inc.		–	1,477,304
Computer Association International		–	823,477
Conocophillips		–	777,110
Cott Corp.		–	6,852,533
Decoma International		–	1,592,610
Doral Financial Corporation		–	956,637
Encana Corporation		–	4,281,304
Falconbridge Ltd.		–	2,288,471
Federal National Mortgage Association		–	2,652,787
FedEx Corporation		–	453,378
Finning International		–	2,807,170
Forzani Group Ltd.		–	1,173,085
Greystone EAFE Plus Fund		–	17,200,000
Harley Davidson Inc.		–	1,830,271
Home Depot Incorporated		–	220,839
Intel Corporation		–	387,273
Joy Global Inc.		–	70,823
KB Home		–	2,486,731
Laboratory Corporation of America		–	2,066,669
Lennar Corporation		–	1,209,175
Loblaw Companies Ltd.		–	2,270,402
Lowes Co.		–	2,715,852
Magna International Inc.		–	6,150,077
Manulife Financial Corp.		–	3,732,342
Masonite International		–	11,790,166
Meridian Gold Inc.		–	1,249,612
Microsoft Corp.		–	61,770
Mohawk Industries Inc.		–	489,176
National Bank of Canada		–	1,592,275
Nortel Networks Corp.		–	1,252,342
Novellus System Inc.		–	1,242,519

Schedule 3
Teachers' Superannuation Fund
Schedule of Investments Disposed, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate %		Market Value $
Occidental Pete Corp.		–		1,268,274
Open Text Corporation		–		4,937,552
Pactiv Corp.		–		431,274
Patheon Inc.		–		2,802,264
Penn West Petroleum Ltd.		–		5,361,733
Persona Inc.		–		7
Petro Canada		–		15,759,504
Pfizer Incorporated		–		454,978
Potash Corporation of Saskatchewan		–		4,889,684
Power Corporation of Canada		–		5,626,480
Power Financial Corp.		–		4,691,906
Praxair Inc.		–		1,640,516
Precision Drilling		–		2,117,254
QLT Inc.		–		3,140,334
Qualcomm Inc.		–		1,128,500
Research in Motion		–		4,199,680
Rogers Communication		–		347,365
Rona Inc.		–		316,145
Royal Bank of Canada		–		2,267,295
Saputo Inc.		–		1,076,209
Shoppers Drug Mart		–		3,488,670
SNC -Lavalin Group		–		5,667,531
Stratos Global Corporation		–		2,424,521
Suncor Energy Inc.		–		950,005
Symantec Corporation		–		846,110
Talisman Energy Inc.		–		3,375,806
Teck Cominco Ltd.		–		2,102,138
Telus Corporation		–		4,479,410
TJX Companies Inc.		–		849,921
Transcanada Corp.		–		1,705,224
West Jet Airlines		–		870,731
MORTGAGES AND REAL ESTATE:				
Crossroads Shopping Centre		–		161,588
KS Equities Inc.		–		531,361
Rutherford Corporation		–		85,537
SHORT-TERM:		–		468,333,617
TOTAL			$	2,316,618,092

Schedule 4
Teachers' Voluntary Contributions Fund
Schedule of Investments and Accrued Interest, As At June 30

Investments	2005 Total Valued At Market ($000s)	Accrued Interest ($000s)	2004 Total Valued At Market ($000s)	Accrued Interest ($000s)
Pooled Funds	$ 3,659	–	$ 3,231	–
Total	$ 3,659	–	$ 3,231	–

Schedule 5
Voluntary Contributions Fund
Schedule of Investments Acquired, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate	Market Value
POOLED FUNDS:			
Greystone Canadian Equity Fund		–	$ 16,854
Greystone EAFE Plus Fund		–	9,446
Greystone US Equities Fund		–	23,076
Greystone Fixed Income Fund		–	208,230
Money Market Fund		–	25,226
TOTAL			**$ 282,832**

Schedule 6
Voluntary Contributions Fund
Schedule of Investments Disposed, Year Ended June 30, 2005

Investments	Maturity Date	Interest Rate	Market Value
POOLED FUNDS:			
Greystone Canadian Equity Fund		–	$ 154,190
Greystone EAFE Plus Fund		–	2,150
Greystone US Equities Fund		–	2,666
Greystone Fixed Income Fund		–	21,500
Money Market Fund		–	18,831
TOTAL			**$ 199,337**

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